

Amendments to Senate Bill 157
Introduced Copy

Requested by the American Council of Life Insurers

Prepared by Jacqueline T. Lenmark
January 16, 20071. Page 10, line 15.
Following line 14

Insert: "Section 12. Section 33-20-1101, MCA, is amended to read:

"33-20-1101. **Employee groups.** (1) Subject to the requirements in subsections (2) through (5), the lives of a group of individuals may be insured under a policy issued to an employer or to the trustees of a fund established by an employer to insure employees of the employer for the benefit of persons other than the employer. The employer or trustees must be considered the policyholder.

(2) (a) The employees eligible for insurance under the policy must be all of the employees of the employer or all of any class or classes of the employer determined by conditions pertaining to their employment. The policy may provide that the term "employees" includes:

(i) the employees of one or more subsidiary corporations and the employees, individual proprietors, and partners of one or more affiliated corporations, proprietors, or partnerships if the business of the employer and of the employer's affiliated corporations, proprietors, or partnerships is under common control;

(ii) the individual proprietor or partners if the employer is an individual proprietor or a partnership; or

(iii) retired employees.

(b) A director of a corporate employer is not eligible for insurance under the policy unless the director is otherwise eligible as a bona fide employee of the corporation by performing services other than the usual duties of a director.

(c) An individual proprietor or partner is not eligible for insurance under the policy unless the individual proprietor or partner is actively engaged in and devotes a substantial part of working hours to the conduct of the business of the proprietor or partnership.

(3) ~~The premium for the policy must be paid by the policyholder, either wholly from the employer's funds or funds contributed by the employer or partly from the employer's funds and from funds contributed by the insured employees. A policy may not be issued if the entire premium is to be derived from funds contributed by the insured employees. A policy on which part of the premium is to be derived from~~

~~funds contributed by the insured employees may be placed in force only if at least 75% of the then eligible employees, excluding any as to whom evidence of individual insurability is not satisfactory to the insurer, elect to make the required contribution. The premium for the insurance must be paid by the policyholder, either from the employer's funds, funds contributed by the employer, funds contributed by the insured employees or members, or from both.~~ A policy on which no part of the premium is to be derived from funds contributed by the insured employees must insure all eligible employees or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

(4) The policy must cover at least two employees at date of issue.

(5) The amount of insurance under the policy must be based upon a plan precluding individual selection either by the employees or by the employer or trustees.

Section 13. Section 33-20-1111, MCA, is amended to read:

"33-20-1111. Dependents of employee and labor union groups -- coverage. Any group life policy issued under 33-20-1101, 33-20-1102, or 33-20-1103 may be extended to insure the employees or members against loss due to the death of their spouses and minor children, or any class or classes thereof, subject to the following requirements:

(1) The premium for the insurance shall be paid by the policyholder, either from the employer's or union's funds or funds contributed by the employer or union or from funds contributed by the insured employees or members, or from both. ~~If any part of the premium is to be derived from funds contributed by the insured employees or members, the insurance with respect to spouses and children may be placed in force only if at least 75% of the then eligible employees or members, excluding any as to whose family members evidence of insurability is not satisfactory to the insurer, elect to make the required contribution.~~ If no part of the premium is to be derived from funds contributed by the employees or members, all eligible employees or members, excluding any as to whose family members evidence of insurability is not satisfactory to the insurer, must be insured with respect to their spouses and children.

(2) The amounts of insurance must be based upon some plan precluding individual selection either by the employees or members or by the policyholder, employer, or union.

(3) Upon termination of the insurance with respect to the members of the family of any employee or member by reason of the employee's or member's termination of employment, termination of membership in the class or classes eligible for coverage under the policy, or death, the spouse is entitled to

have issued by the insurer, without evidence of insurability, an individual policy of life insurance, without disability or other supplementary benefits, providing application for the individual policy shall be made, and the first premium paid to the insurer, within 31 days after such termination, subject to the requirements of subsections (1)(a), (1)(b), and (1)(c) of 33-20-1209. If the group policy terminates or is amended so as to terminate the insurance of any class of employees or members and the employee or member is entitled to have issued an individual policy under 33-20-1210, the spouse is also entitled to have issued by the insurer an individual policy, subject to the conditions and limitations provided above. If the spouse dies within the period during which he would have been entitled to have an individual policy issued in accordance with this provision, the amount of life insurance which he would have been entitled to have issued under such individual policy shall be payable as a claim under the group policy, whether or not application for the individual policy or the payment of the first premium therefor has been made.

(4) Notwithstanding 33-20-1208, only one certificate need be issued for delivery to an insured person if a statement concerning any dependent's coverage is included in such certificate." "

Renumber subsequent sections.

-- End --